

LEGISLATIVE BILL NO.

S. 1351

GENERAL

FROM: LEGISLATIVE COUNSEL
OFFICE OF GENERAL COUNSEL

☐ SENT TO YOU FOR INFORMATION ONLY.

☐ A BILL ON WHICH FAVORABLE CONGRESSIONAL ACTION ☐ IS ☒ IS NOT PREDICTED.

☒ SENT FOR YOUR COMMENT AS TO WHETHER IT IS OF INTEREST TO CIA ACTIVITIES, AND WHETHER FURTHER ACTION BY THIS OFFICE IS NECESSARY OR DESIRED.

IT IS REQUESTED THAT COMMENTS CONCERNING THIS LEGISLATION BE FORWARDED, THROUGH APPROPRIATE CHANNELS, TO THIS OFFICE, BY _____.

COMMENTS (From Original Addressee)

TO : LEGISLATIVE COUNSEL
OFFICE OF GENERAL COUNSEL

FROM:

8 March 1955

84/1

Mr. Humphrey of Minnesota

A bill to provide a means whereby domestic producers who are injured by increased imports resulting from trade agreement concessions may obtain preferences in bidding for Government contracts.

Distribution:

1. - Mr. Garrison 16 March

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DATE OF COMMENTS

SIGNATURE AND TITLE

EXTENSION

1955

CONGRESSIONAL RECORD — SENATE

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I expect some of my colleagues will want to ask, What is to prevent the farmer from including in his application for a refund a portion of his gasoline purchases used for highway purposes? The State governments have, over the years, developed techniques for auditing applications for refunds to prevent such abuse. Even if a few farmers do apply for more refund than they should have on the basis of nonhighway use, this is far more than offset by the fact that during many months of the year farmers do not buy enough gasoline to go to the trouble of applying for a refund on that portion of such gasoline used for nonhighway purposes. Thus, farmers as a group will continue to pay their fair share of the cost of building highways.

I am surprised at the fact that farmers have been fairly quiet over this inequitable situation in years past. I expect that the reason this is so is that most farmers have considered the Federal gasoline tax to be a temporary tax, and, since it would be terminated eventually, there was no purpose in becoming too concerned about the situation. But now that the Congress has extended the Federal gasoline tax year after year, increasing interest in correcting the inequity is developing. In the past few months I have received many letters from farmers on this situation. It appears to me that their case is fully justified and that the Congress has a responsibility to take action to eliminate this discrimination at the earliest feasible date.

Some of my colleagues may agree that nonhighway use of gasoline should be exempted from the Federal gasoline tax, but argue that this is not the time to reduce taxes. I would say to them that this is not a tax reduction, but, rather is a correction of an obvious inequity that the Congress should have corrected many years ago.

For these reasons, I am introducing a bill to provide for the exemption of gasoline used for nonhighway purposes from the Federal gasoline tax. Similar bills have been introduced in the House. I hope that the House Ways and Means Committee and the Senate Finance Committee will give such bills their early consideration.

Mr. President, I ask unanimous consent that the bill be printed in the Record, following my remarks, and that, in addition, a letter from the American Farm Bureau Federation on this subject, and a letter from the Kansas Farm Bureau at Manhattan, Kans., be printed in the Record as a part of my remarks.

The VICE PRESIDENT. The bill will be received and appropriately referred; and, without objection, the bill and letters will be printed in the Record.

The bill (S. 1336) to provide for a refund or credit for tax on gasoline used or resold for certain farm equipment, introduced by Mr. CARLSON, was received, read twice by its title, referred to the Committee on Finance, and ordered to be printed in the Record, as follows:

Be it enacted, etc., That section 6416 (b) (2) (H) of the Internal Revenue Code of 1954 (relating to special uses in which tax payments considered overpayments) is here-

by amended by striking out the period at the end of subparagraph (H) and inserting "; and"; and by adding after subparagraph (H) the following new subparagraph: "(I) In the case of gasoline taxable under section 4081, used or resold as fuel for the operation or propulsion of farm equipment."

Sec. 2. Effective date: The amendment made by section 1 of this act shall be effective with respect to gasoline used or resold on or after the first day of the first month beginning more than 10 days after the effective date of this act.

The letters, presented by Mr. CARLSON, are as follows:

AMERICAN FARM BUREAU FEDERATION,
Washington, D. C., March 7, 1955.

HON. FRANK CARLSON,
United States Senator,
Senate Office Building,
Washington, D. C.

DEAR SENATOR CARLSON: The American Farm Bureau Federation has long favored termination of the Federal gasoline tax, thus leaving this source of revenue available to the States.

Until such time as the Federal gasoline tax is terminated, we recommend an exemption from taxation for gasoline used for nonhighway purposes.

Although the Federal gasoline tax was originally adopted to provide general revenues, the concept has been gradually adopted that the purpose of the tax is to finance highway construction. Current discussions of the Clay committee report and other proposals for an expanded highway construction program, all involve the idea that gasoline tax revenues are the source of highway financing.

We submit that to continue to tax gasoline used for nonhighway purposes to build highways is inequitable. Gasoline used for nonhighway purposes is no more related to the use of highways than fuel oil or coal used for heating buildings.

The American Farm Bureau Federation respectfully recommends that at an early date in the current Congress that hearings be held by the Senate Finance Committee on the proposal that nonhighway used gasoline be exempt from the Federal gasoline tax.

Very sincerely,

MATT TRIGGS,
Assistant Legislative Director.

KANSAS FARM BUREAU,
Manhattan, Kans., February 8, 1955.
Senator FRANK CARLSON,
Senate Office Building,
Washington, D. C.

DEAR SENATOR CARLSON: Since the Federal gasoline tax at the 2-cent rate will expire April 1, 1955, legislation to provide for extension will undoubtedly be considered in the near future.

Kansas Farm Bureau was willing to go along with the Federal gasoline tax at the time it was originally adopted as a means of financing necessary war effort with the idea that it would be only a temporary measure used not only for road purposes but other activities as well. The thinking is that a gasoline tax should be left to the State legislatures as a method of financing road construction and maintenance by the States and counties.

It now appears that Federal financing of roads with some of the funds raised by a gasoline tax is to be a permanent policy of our National Government. If this policy is to continue, and so long as it does continue, that part of our gasoline consumption which is used for nonhighway purposes should be exempt from a Federal tax.

To impose a special tax on nonhighway gasoline for building roads is as unrealistic as it would be to impose a special tax on any

other material used in the production of any commodity including agriculture commodities. Some method of exempting nonhighway gasoline from this tax must be found. This might be done by exemption or by a refund system as now practiced by many States. Arrangements could be made with the States, whereby a refund of the Federal tax might be applied for and paid along with the State.

We know that none of our Kansas congressional delegation are on the House Ways and Means Committee where the extension of the gasoline tax will first be considered. But we also know that you may be in a position to exert some influence with the House committee. With your knowledge of the history of gasoline taxes in Kansas, you realize that Kansas farmers are very much opposed to taxing gasoline which is not used on roads, regardless of whether the tax is State or Federal. To do otherwise is to burden farmers with an added heavy production cost to further aggravate the cost-price squeeze. Kansas stands near the top in the use of gasoline for agriculture production.

Many Congressmen will not have the direct interest in this issue that you have. We must depend on our representation from agricultural areas to explain the discrimination effected through a special tax on nonhighway gasoline used for road purposes.

Sincerely yours,

W. I. BOONE,
President.

Mr. THYE. Mr. President, will the Senator yield to me?

Mr. CARLSON. I yield.

Mr. THYE. I should like to ask the distinguished author of the bill to permit me to join with him as a cosponsor of the bill. I think the proposed legislation which the Senator has introduced is most appropriate, and I should like to be associated with the bill as cosponsor.

Mr. CARLSON. I would be most pleased to have the distinguished Senator from Minnesota be a cosponsor.

PROPOSED LEGISLATION RELATING TO BUDGETARY AND FISCAL MATTERS OF FEDERAL GOVERNMENT

Mr. BRIDGES. Mr. President, I introduce, for appropriate reference, two bills relating to the budgetary and fiscal matters of the Federal Government.

I am privileged to introduce them in the Senate as companion bills to measures introduced in the House of Representatives by the distinguished Member from the 24th District of California, the Honorable GLENARD P. LIPSCOMB.

Briefly, one bill would require that each bill reported by a committee of the Congress which would authorize the appropriation of moneys from the Treasury must be accompanied by a printed report which shall include an estimate from the department, or other agency concerned, of the probable cost of carrying out the legislation proposed in such bill or resolution.

The other bill would require the Bureau of the Budget to provide the Congress each year with a special analysis of certain long-term construction and development projects.

It is my opinion, Mr. President, that these two pieces of proposed legislation are vital to the proper function of the Congress. There has long been a criti-

cal need for the Congress to know to what extent the taxpayer has been committed to expenditures, annually, over long periods of time. This is particularly true in the case of great construction and development projects.

The VICE PRESIDENT. The bills will be received and appropriately referred. The bills, introduced by Mr. BRIDGES, were received, read twice by their titles, and referred, as follows:

To the Committee on Appropriations:

S. 1341. A bill to require that the budget shall include each year a special analysis of certain long-term construction and development projects.

To the Committee on Rules and Administration:

S. 1343. A bill to require bills and resolutions authorizing appropriations reported by committees of Congress to be accompanied by an estimate of the probable cost of the legislation.

EXTENSION OF FEDERAL OLD-AGE AND SURVIVORS INSURANCE SYSTEM TO DENTISTS

Mr. BRIDGES. Mr. President, I introduce, for appropriate reference, a bill amending the Social Security Act so as to extend the benefits of the Federal old-age and survivors insurance system to our Nation's dentists.

During the 2d session of the 83d Congress, this proposal was voted favorably by the House of Representatives but failed to win approval from the Senate Finance Committee. Recently dental societies have conducted polls in many of the 48 States on this subject. Their members have favored the adoption of this retirement plan by ratios of up to 8 to 1.

The number of persons eligible for inclusion under social security has increased by more than 10 million during the past year. I am firmly of the opinion that our Nation's dentists are fully deserving of this opportunity.

The VICE PRESIDENT. The bill will be received and appropriately referred.

The bill (S. 1344) to extend the Federal old-age and survivors insurance system to dentists, introduced by Mr. BRIDGES, was received, read twice by its title, and referred to the Committee on Finance.

PROPOSED RECIPROCAL TRADE CASUALTIES ACT OF 1955

Mr. HUMPHREY. Mr. President, I introduce, for appropriate reference, a bill to be known as the Reciprocal Trade Casualties Act of 1955, designed to cushion the impact of an expanded world-trade policy which may be felt by some segments of the American economy. The bill was originally introduced by the Honorable HENRY S. REUSS, Member from Wisconsin. It is a pleasure for me to associate myself with Mr. REUSS and to publicly pay tribute to him for his imagination.

The House of Representatives has already passed a bill to renew and expand our reciprocal-trade-agreements program. It is my hope that the Senate will soon follow suit. Our Nation requires an expanded world trade and we know that the peace of the world depends upon

increased commerce and industrial exchange. An ever larger amount of American industry is export oriented. The prosperity of these export industries and our American economy depends in the long run on the ability of the other nations to earn the dollars to buy our exports. We also appreciate that lower tariffs help the American consumer.

These comments are accurate and pertinent in the general. In the specific, unfortunately, a number of individuals, companies, and occasional communities suffer if imports to the United States increase. The legislative process in a democracy concerns itself with the specific, Mr. President, as well as with the general. We, therefore, have the responsibility to do what we can to prevent the individual specific injury as much as possible.

Earlier in the session it was a privilege for me to join with the distinguished junior Senator from Massachusetts (Mr. KENNEDY) in introducing a bill to provide some assistance to individuals, communities and industries jeopardized by lowering of trade barriers. The bill I introduce today is presented in the same spirit and with the same objective. It is designed specifically to provide import-endangered companies with certain advantages on Government procurement, and is in my judgment a supplement to the original Humphrey-Kennedy-Williams bill, S. 51.

The bill, in brief, provides that any domestic producer found by the Tariff Commission to be in danger for foreign imports may receive a certificate entitling it to a percentage advantage—up to 25 percent—in its bids for Government contracts. The idea is to provide an oxygen tent so that a company may keep busy and solvent while it finds new products which can sustain it in the long pull. The certificate would be good only for a limited period, while the company energetically sought to develop new products which could withstand competition. With the Government purchasing many billion dollars a year worth of materials, a percentage advantage of this type could be of real significance in tiding a hard-pressed producer over a transition period.

We have a responsibility to concern ourselves with these specific problems raised by expanded world trade, because every company that goes out of business and every industry that is seriously impaired and every individual who loses his job thereby, to that extent diminishes the strength of our Nation. We thereby lose savings, management, skill, and many economic and spiritual values associated with jobs, families and community living.

The principle of sharing burdens is a well-established one in the American society. The bill now at the desk would take the costs of a liberalized trade policy off the shoulders of a few isolated industries and spread that cost over the entire Nation as it should be. If we can accomplish this objective, we can move closer to our goal, a goal so ably characterized by the distinguished Member

from Wisconsin (Mr. REUSS), as "trade without tears."

The VICE PRESIDENT. The bill will be received and appropriately referred.

The bill (S. 1351) to provide a means whereby domestic producers who are injured by increased imports resulting from trade agreement concessions may obtain preferences in bidding for Government contracts, introduced by Mr. HUMPHREY, was received, read twice by its title, and referred to the Committee on Finance.

OVERTIME COMPENSATION FOR CERTAIN EMPLOYEES OF PUBLIC HEALTH SERVICE

Mr. MAGNUSON. Mr. President, on behalf of myself, and the Senator from Maryland (Mr. BUTLER), I introduce, for appropriate reference, a bill to amend Public Law 410, 78th Congress, with regard to compensation for overtime, Sunday, and holiday work of employees of the United States Public Health Service, Foreign Quarantine Division.

During the 2d session of the 83d Congress, legislation was approved by the Congress, at the request of ocean-shipping and other transportation interests, to adjust overtime pay rates for night, Sunday, and holiday inspections by employees of the Public Health Service at the various quarantine stations. The legislation did not receive Presidential approval and hence was not enacted into law.

In a statement explaining his refusal to approve the measure, President Eisenhower stated that "the claims of the shipowners for out-of-hours service have merit" and declared that "the problems which the bill seeks to solve are real and pressing." The Chief Executive further stated that he intended "to have these problems further explored," and promised a study of effective means to coordinate overtime pay for all inspectional services.

As the President so well made clear, the problems in the field of quarantine inspection are real and pressing, particularly with respect to ocean-cargo vessels and tankers. Because of weather and other conditions beyond their control, such vessels, and sometimes even the passenger liners, cannot reach port during the regularly prescribed daytime hours. Yet it may cost the owners as much as \$5,000 if a vessel has to lay over until next day for quarantine inspections.

As is well known, operating costs for American vessels are extremely high in comparison to those of competing foreign ships. It is difficult enough to meet this low-cost foreign competition without running into additional quarantine-inspection costs every time a vessel fails to reach port before 6 p. m.

Inasmuch, also, as there has been no information forthcoming as to the results of the promised Presidential study, I consider the need so pressing that I have prepared a modified bill which merely seeks to place the Quarantine Inspection Service on an equality with similar inspection staffs of Customs and the